

Message Text

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ACTION EA-09

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R 140932Z JAN 76
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
AMEMBASSY SINGAPORE
INFO SECSTATE WASHDC 2168
AMCONSUL MEDAN
AMCONSUL SURABAYA

UNCLAS JAKARTA 0553

STATE PASS EXIM

E.O. 11652: N/A
TAGS: BEXP, ID
SUBJECT: GOI LOCOMOTIVE TENDER

REF: JAKARTA 13267

1. RAM SHARMA, SINGAPORE BASED GENERAL ELECTRIC RAILWAY/
LOCOMOTIVE REGIONAL SALES REP, TELEPHONED EMBOFF JANUARY 8 TO
REPORT THAT GE HAS WON GOI 24 DIESEL LOCOMOTIVE TENDER FINANCED
BY IBRD AND HAS RECEIVED LETTER OF INTENT FROM DIRECTOR GENERAL
LAND COMMUNICATIONS AND 21 ADDITIONAL LOCOMOTIVES FOR WHICH
EXIM CREDIT REQUIRED.

2. LETTER INTENT FOR 21 FOLLOW-ON LOCOMOTIVES (COPIED
TO MINISTER OF COMMUNICATIONS, BAPPENAS, FINANCE
MINISTRY AND PJKA (STATE RAILWAY CO.) REQUESTS GE
OFFER FINANCIAL PACKAGE, INCLUDING EXIM COMPONENT, TO
BAPPENAS AND MINISTRY OF FINANCE. EMBASSY BELIEVES THIS LETTER
IS OFFER OF FIRST REFUSAL TO GE AND REFLECTS GOI DESIRE ACHIEVE
EQUIPMENT STANDARDIZATION FOLLOWING IBRD TENDER AWARD.
IN SUBSEQUENT CONVERSATION WITH A/DCM, SALEH AFFIF OF
BAPPENAS INDICATED GOI IS PREPARED APPLY FOR EXIMBANK
FINANCING FOR 21 LOCOMOTIVES.

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3. GE HAS ALSO RECEIVED GOI INVITATION TO BID ON 81 SMALLER

LOCOMOTIVES IN COMPETITION WITH FIRMS FROM FOUR OTHER COUNTRIES. THIS DEPARTMENT COMMUNICATIONS INVITATION, HOWEVER, STIPULATES THAT BIDDERS MUST OFFER EXPORT CREDIT FACILITIES FROM THEIR GOVERNMENTS IN ORDER FOR BIDS "TO BE CONSIDERED AND FURTHER PROCESSED". SUCH ADVANCE EXPORT CREDIT AVAILABILITY STIPULATION APPEARS CONTRADICT RECENT GOI TREND TOWARD CENTRALIZATION OF FINANCING ARRANGEMENTS IN BAPPENAS, BANK INDONESIA, AND MINISTRY OF FINANCE. HOWEVER, IF EXIM WILLING CONSIDER PRELIMINARY COMMITMENT OR OTHER SIGNAL OF EXIM INTEREST WE BELIEVE GE IN EXCELLENT POSITION WIN THIS TENDER AS WELL.

4. APPARENT SUCCESSFUL CONCLUSION YEAR-LONG EMBASSY COOPERATION WITH GE IN PURSUIT IBRD FINANCED LOCOMOTIVE TENDER, PLUS BONUS OFFER 21 FOLLOW-ON LOCOMOTIVES, WILL YIELD APPROXIMATELY \$35 MILLION US INCREMENTAL EXPORT SALES. CASE ILLUSTRATES BOTH THE SIZABLE REWARDS AND MANY VICISSITUDES INVOLVED IN WINNING INDONESIAN PROJECTS. EMBASSY HAS CONSULTED WITH GE CONTINUOUSLY AND MADE SEVERAL REPRESENTATIONS ON GE'S BEHALF TO GOI AND IBRD CONCERNING BID SPECIFICATIONS, TENDERING PROCEDURE, GE QUALIFICATIONS, AND POSSIBLE EXIMBANK FINANCING FOR FOLLOW-ON ORDER. GE REPS THEMSELVES HAVE TIRELESSLY PURSUED THIS SALES OPPORTUNITY THROUGH MANY SEEMING DISAPPOINTMENTS ALONG WAY, THUS ONCE AGAIN DEMONSTRATING THAT IN INDONESIA THERE IS NO RPT NO SUBSTITUTE FOR VERY TIME CONSUMING, ON THE SCENE, DAILY MONITORING AND RESOURCEFUL PERSEVERANCE.

5. ACTION REQUESTED: WOULD APPRECIATE EXIM GUIDANCE REGARDING WILLINGNESS CONSIDER FAVORABLY ISSUANCE OF PC IF GE WERE TO APPLY FOR IT WITHOUT GOI REQUEST DIRECTLY TO EXIM. SINGAPORE PLEASE CONVEY TEXT THIS MESSAGE TO SHARMA (PHONE 335111). USDOC REPLY TO JAKARTA 13267 NO RPT NO LONGER REQUIRED.
RIVES

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